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China, Peoples Republic of

Dairy and Products

Annual

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Approved by:
Larry Senger

Prepared by:
Zhang Jianping

Report Highlights: Demand for dairy products will continue to grow strongly over the next several years. Domestic production is responding but constraints on land, water and available dairy genetics mean imports will continue to expand. Powder and whey imports are particularly strong.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Beijing [CH1], CH

Situation and Outlook

China's demand for dairy products grew quickly in 2001 and the first half of 2002. This fueled a rapid expansion in both raw milk and processed dairy products production. Dairy production has become a good source of income for farmers as fluid prices continue to increase. Official data show that total raw milk production for 2001 increased by 22.1 percent with growth continuing strong through the first half of 2002.. The Government has declared the dairy industry as one of the priority development areas for the 10th Five-Year-Plan (2001 - 2005). Based on the milk production plan of the Ministry of Agriculture (MOA), China's annual raw milk production for the next three years is expected to increase by 8 percent on average. Whatever the exact number, good quality raw milk is expected to stay in high demand for the foreseeable future

While demand continues to grow, the product mix is changing. The UHT milk market share for 2001 was up by 10.4 percent, while pasturized milk was down by 12 percent. This is due in large part to the implementation of a Government school-milk project. So far, 1.5 million students in large cities have participated in the project. Only UHT milk can be provided to schools. Demand for yogurt and ice-cream also continues to grow. Since China's economy continues strong, and because per capita dairy consumption, as compared to other countries', is relatively small, this strong growth in dairy demand is expected to continue for the next few years.

Although both dairy cattle inventories and milk production will continue to increase, there are still several factors that act as constraints to dairy growth. China seriously lacks good breeding stock. Therefore, production efficiency per cow is low. Scarce water and forage are other concerns. Per capita grassland is only 0.33 has. The grassland is mainly in the West or Southwest, where drought is a constant problem. Overgrazing and other bad practices have degraded much of this land. Also, milk processing efficiency as a whole is low.

With these constraints on production, the potential for dairy imports is great, particularly for those products for which transportation and storage costs are minimal. Imports of powdered milk and whey products increased considerably in the first half of 2002 as compared with the first half of 2001 due to weak international dairy prices and a lower Chinese tariff. The powdered milk tariff dropped from 25 percent to 15 percent after China joined the WTO in December 2001. Given the positive demand situation and China's commitment to further reduce the tariff to 10 percent, imports of powdered milk and whey products are expected to continue to grow.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Dairy, Milk, Fluid				(1000 HEAD)	(1000 MT)
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Cows In Milk	2348	2848	2418	3164	0	3417
Cows Milk Production	8660	10255	9067	11075	0	11961
Other Milk Production	950	974	995	1004	0	1016
TOTAL Production	9610	11229	10062	12079	0	12977
Intra EU Imports	0	0	0	0	0	0
Other Imports	10	10	12	6	0	6
TOTAL Imports	10	10	12	6	0	6
TOTAL SUPPLY	9620	11239	10074	12085	0	12983
Intra EU Exports	0	0	0	0	0	0
Other Exports	26	26	26	26	0	28
TOTAL Exports	26	26	26	26	0	28
Fluid Use Dom. Consum.	4133	4463	4489	4909	0	5400
Factory Use Consum.	5461	6750	5559	7150	0	7555
Feed Use Dom. Consum.	0	0	0	0	0	0
TOTAL Dom. Consumption	9594	11213	10048	12059	0	12955
TOTAL DISTRIBUTION	9620	11239	10074	12085	0	12983
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	China, Peoples Republic of					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	0	0	0	0	0	0
Production	540	610	545	577	0	606
Intra EU Imports	0	0	0	0	0	0
Other Imports	50	41	55	64	0	74
TOTAL Imports	50	41	55	64	0	74
TOTAL SUPPLY	590	651	600	641	0	680
Intra EU Exports	0	0	0	0	0	0
Other Exports	20	43	20	9	0	10
TOTAL Exports	20	43	20	9	0	10
Human Dom. Consumption	570	608	580	632	0	670
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	570	608	580	632	0	670
TOTAL Use	590	651	600	641	0	680
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	590	651	600	641	0	680
Calendar Yr. Imp. from U.S.	2	2	2	2	0	2
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	China, Peoples Republic of					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Beginning Stocks	0	0	0	0	0	0
Production	70	70	80	80	0	83
Intra EU Imports	0	0	0	0	0	0
Other Imports	22	18	25	23	0	28
TOTAL Imports	22	18	25	23	0	28
TOTAL SUPPLY	92	88	105	103	0	111
Intra EU Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	92	88	105	103	0	111
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	92	88	105	103	0	111
TOTAL Use	92	88	105	103	0	111
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	92	88	105	103	0	111
Calendar Yr. Imp. from U.S.	2	2	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Milk production takes place mainly in the north, west and near large cities such as Beijing, Shanghai, and Tianjin. Such places accounted for 87 percent of total milk production in 2001. Production has been shifting recently. While northern China is still dominant in dairy production, production in the south and the grazing areas in the west have increased more quickly, especially in Jiangsu, Sichuan and Xinjiang. This trend should continue for the next couple of years. Several reasons account for the shift. Economically, southern China accounts for the bulk of recent consumption growth. Also, recent Government policy changes have encouraged development in the West.

As noted in the "Situation and Outlook" section, lack of good dairy genetics is a big problem. Only half of the national herd are pure dairy cattle, mainly Holstein. The rest are local yellow cows cross-bred with Holstein or other milk breeds. The price of a pure Holstein is over RMB 1,000 (US\$121) which is far beyond most farmers' purchasing ability.

Another problem for the industry is that in some areas production, processing and marketing are not completely integrated. In fact, despite strong national demand, in some cases processing plants may refuse to purchase milk from farmers and use powdered milk to produce fluid milk. In other areas they may continue to purchase fluid milk regardless of their processing capability and end up dumping unused milk. This has greatly hurt the interest of farmers and processing companies.

Despite problems, the profitable dairy industry has attracted more investment domestically and internationally. Foreign-funded companies increased from 45 to 51 over the past year. Many domestic non-dairy companies have also decided to invest in the dairy industry. The number of domestic processing companies has soared to 1,500, but only 5 percent of them have a daily processing capacity that exceeds 1,000 MT. About 55 percent have a daily processing capacity that is less than 20 mt. The top 10 Chinese dairy companies produce over 50 percent of total fluid milk and about 30 percent of total dairy products countrywide. Raw milk production still cannot supply processing capacity despite recent rapid growth. The quality of both raw milk and dairy products have been improved constantly due to stricter Government control on food safety. Also, more competition has led to the use of more advanced technology and equipment, and better scientific research. However, the quality of raw milk and dairy products produced by small companies is still a big concern.

Production Policies

The Ministry of Agriculture's (MOA) production plan aims to realize per capita milk consumption of 10 kg. by the end of 2005, 16 kg. by the end of 2010 and 23 kg. by the end of 2015. To realize the plan, MOA has put efforts in dairy genetic improvement. An ambitious plan to improve genetics through the use of embryo transplants called the "Ten-Thousand-Embryo Project" is already half complete in several provinces. The Ministry of Science and Technology also started a major scientific project in July this year with a total investment of RMB 400 million (US\$48 million) for dairy development. The project will focus on alleviating key technical bottle-necks in dairy production. A new grassland law that is already under discussion will further limit

overgrazing. It is hoped that this will eventually lead to a better forage situation. However, these are mainly medium and long-term projects. It will take time to see the benefits.

Prices

Fresh milk prices in cities in the first half of 2002 went up by 4 percent on average over the same period last year. Powdered milk prices, by contrast, continue to face pressure from imports. This trend for strong fluid prices and powdered milk prices more closely linked to the world market should continue for several years. Most provinces have liberalized raw milk procurement prices, but there are still government guided prices in some places where government support is provided directly to farmers.

Processed Dairy Products

Fluid milk production for 2001 was 11.23 MMT and for the first half of 2002 it was 6.08 MMT. Pasteurized milk was 43 percent, UHT milk was 35.4 percent, yogurt was 14.5 percent (up by 2 percent) and the rest was 7.1 percent. Beside the “School Milk Project” which utilizes only UHT milk, growing demand in medium and small cities with poor cold storage facilities has made UHT milk more popular. This trend is expected to continue for the next few years.

Ice-cream production is expected to grow by 5 to 6 percent in the next three years. Total production by 2005 is forecast at 2 MMT. Sanitation concerns exist for low-end ice cream. Four rounds of Government inspections resulted in only 56.4 percent, 64 percent, 42.7 percent and 63.5 percent of sampled plants meeting food safety standards.

Powdered milk production was 62,000 mt in 2001. Full fat milk was 23.5 percent, sugar-added milk was 22.3 percent, infant formula milk was 28 percent and other products accounted for 26 percent. Although powdered milk production increased over 5 percent, the rate of increase was smaller than that of last year. This reflects the continued trend toward the increased use of raw milk for fluid milk production. The rate of increase in the usage of powdered milk is expected to continue to lag behind the growth in raw milk usage.

Consumption

Although fluid milk consumption has been largely confined to large cities in the past, fluid milk is now also beginning to develop in other areas with the help of the Government’s school-milk program and other promotional activities. Consumption of full fat milk powder is rising slightly due to increased usage in the food industry and for expanded ice cream production. Declines in the production of sugar-added full fat milk powder are being matched by increases in infant formula use. Health concerns are prompting consumers to stop using the sugar-added milk powder. Quarantine restrictions on imports of infant formula based on alleged high levels of nitrites have helped domestic products. Consumption of ice cream is 1.4 MMT with three-fourths of the market concentrated in Guangdong province, Shanghai and Beijing.

Trade

Imports of powdered milk and whey increased considerably in the first half of 2002. As noted above this is do to continued strong demand and the increased use of raw domestic milk for fluid milk production. Analysts expect continued increases in the next couple of years, although the rate of increase may not be as high as this year. Recent events have led importers to fear that quarantine inspection requirements may constrain imports. Dairy imports from Europe particularly have recently faced increased problems related to tighter enforcement of quarantine standards.

With large domestic demand and higher domestic prices, China's exports to Hong Kong shrank to a very small amount in the first half of 2002. Donation exports to Iraq and Myanmar also decreased. The EU's new import policy with respect to animal-related products will make China's exports to that market more difficult, at least in the short term.

MILK PRODUCTION BY PROVINCE, 2000-2001 (1,000 Metric Tons, percent)					
PROVINCE	Total Milk	Cow Milk	Total Milk	Cow Milk	Share of
	Production	Production	Production	Production	Total Cow Milk
	(2000)	(2000)	(2001)	(2001)	(2001)
Beijing	304	303	429	429	5.2%
Tianjin	165	165	241	241	2.9%
Hebei	962	842	1,193	1,074	13.0%
Shanxi	359	335	404	379	4.6%
Inner Mongolia	830	798	1,090	1,062	12.8%
Liaoning	219	189	266	242	2.9%
Jilin	150	143	164	160	1.9%
Heilongjiang	1,565	1,543	1,924	1,890	22.8%
Shanghai	259	259	260	260	3.1%
Jiangsu	257	255	360	354	4.3%
Zhejiang	112	112	176	176	2.1%
Anhui	41	41	55	55	0.7%
Fujian	99	96	114	111	1.3%
Jiangxi	58	56	59	59	0.7%
Shandong	705	457	904	618	7.5%
Henan	202	161	300	270	3.3%
Hubei	59	56	88	88	1.1%
Hunan	11	11	18	18	0.2%
Guangdong	95	92	104	102	1.2%
Guangxi	17	17	21	20	0.2%
Hainan	n.a.	n.a.	n.a.	n.a.	0.0%
Chongqing	56	56	68	68	0.8%
Sichuan	289	285	333	330	4.0%
Guizhou	17	17	20	20	0.2%
Yunnan	147	130	171	156	1.9%
Tibet	204	162	231	181	2.2%
Shaanxi	639	392	695	435	5.3%
Gansu	137	133	156	152	1.8%
Qinghai	213	206	228	217	2.6%
Ningxia	236	236	276	276	3.3%
Xinjiang	782	725	878	811	9.8%
TOTAL	9,191	8,274	11,229	10,255	100.0%
Source: National Statistical Bureau (previously named State Statistical Bureau)					

(f:\shared\lotus\dairy\mlkprv)				
PER CAPITA CONSUMPTION OF SELECTED DAIRY PRODUCTS				
1993 - 2001 (Kilograms)				
	Urban Area			Rural Area
Year	Fresh Milk	Powdered Milk	Yogurt	Fresh Milk
				& Products
1993	5.38	0.42	0.32	0.85
1994	5.25	0.42	1.04	0.67
1995	4.62	0.35	0.26	0.64
1996	4.83	0.41	0.32	0.8
1997	5.07	0.41	0.44	0.95**
1998	6.18	0.43	0.64	n/a
1999	7.88	0.44	0.87	n/a
2000	9.94	0.49	1.12	1.06
2001	11.9	0.50	1.36	1.2
Source: China Statistics Bureau				
(f:\shared\lotus\dairy\consumpt)				

SUMMARY OF CHINA'S DIRECT DAIRY IMPORTS				
2001 - 2002 (Metric Tons, US\$ 1,000, %)				
Products (HS Code)	Volume	Share	Value	Share
	2001	2001	2001	2001
Fluid Milk (0401)	9,599	5%	4,875	2%
Powdered Milk and Cream (0402)	59,933	31%	115,409	54%
Fermented and Acidified Milk (0403)	2,856	1%	1,704	1%
Whey and Related Products (0404)	119,727	61%	88,034	41%
Butter and Related Products (0405)	873	0%	1,152	1%
Cheese and Related Products (0406)	2,030	1%	3,976	2%
TOTAL	195,018	100%	215,150	100%
	2,002	2,002	2,002	2,002
	(Thru Aug.)	(Thru Aug.)	(Thru Aug.)	(Thru Aug.)
Fluid Milk (0401)	3,589	2%	1,850	1%
Powdered Milk and Cream (0402)	68,912	40%	104,112	59%
Fermented and Acidified Milk (0403)	1582	1%	1,039	1%
Whey and Related Products (0404)	94707	55%	63,824	36%
Butter and Related Products (0405)	968	1%	1,375	1%
Cheese and Related Products (0406)	1524	1%	3,697	2%
TOTAL	171,282	100.00%	175897	100%
Source: China Customs				
(F:\shared\lotus\dairy\ttlimp02				

CHINA'S FLUID MILK DIRECT IMPORTS BY FAT CONTENT AND BY COUNTRY OF ORIGIN, 2001 (Metric Tons)				
COUNTRY	Fat 1% or lower (HS# 0401.1000)	Fat > 1% - 6% (HS# 0401.2000)	Fat > 6% (HS# 0401.3000)	TOTAL
Australia	290	3,674	3,516	7,480
New Zealand	156	277	362	795
France	0	0	311	311
Malaysia	0	0	154	154
United States	3	135	12	150
Germany	0	0	96	96
Czech	0	15	0	15
Others	7	209	381	597
TOTAL	456	4,310	4,832	9,598
Source: China Customs (f:\shared\lotus\dairy\fldim01)				

CHINA'S FLUID MILK DIRECT IMPORTS BY FAT CONTENT AND BY COUNTRY OF ORIGIN, 2002 (Metric Tons)				
COUNTRY	Fat 1% or lower (HS# 0401.1000)	Fat > 1% - 6% (HS# 0401.2000)	Fat > 6% (HS# 0401.3000)	TOTAL
Australia	58	1,226	489	1,773
New Zealand	101	127	169	397
France	0	1	175	176
Malaysia	0	0	73	73
United States	1	0	29	30
Germany	0	0	0	0
Others	6	36	24	66
TOTAL	166	1,390	959	2,515
Source: China Customs (f:\shared\lotus\dairy\fldim02)				

CHINA'S POWDERED MILK DIRECT IMPORTS BY FAT CONTENT				
AND BY COUNTRY OF ORIGIN, 2001 (Metric Tons)				
ORIGIN	Fat < 1.5% 1/ (HS# 0402.1000)	Fat > 1.5% 2/ (HS# 0402.2100)	Fat > 1.5% 3/ (HS# 0402.2900)	TOTAL
New Zealand	8,403	19,691	12,069	40,163
Australia	5,174	3,383	3,757	12,314
United States	2,106	313	9	2,428
Czech Republic	746	0	0	746
France	373	283	89	745
United Kingdom	0	0	300	300
Spain	0	0	200	200
Germany	100	50	0	150
Ireland	0	0	100	100
Netherlands	0	0	44	44
Canada	0	22	0	22
Belgium	0	2	0	2
Russia	0	0	0	0
Sweden	0	0	0	0
Uruguay	0	0	0	0
Other	1,058	94	179	1,331
TOTAL	17,960	23,838	16,747	58,545
1/ With sugar or other sweetening matter				
2/ Without sugar or other sweetening matter				
3/ With sugar or other sweetening matter				
Source: China Customs				
(f:\shared\lotus\dairy\pdrmqi01)				

CHINA'S POWDERED MILK DIRECT IMPORTS BY FAT CONTENT				
AND BY COUNTRY OF ORIGIN, 2002 (Metric Tons)				
ORIGIN	Fat < 1.5% 1/	Fat > 1.5% 2/	Fat > 1.5% 3/	TOTAL
	(HS# 0402.1000)	(HS# 0402.2100)	(HS# 0402.2900)	
	(Thru June)	(Thru June)	(Thru June)	(Thru June)
New Zealand	9,305	15,896	3,571	28,772
Australia	6,332	9,082	2,907	18,321
United States	594	12	13	619
Canada	325	12	192	529
France	45	122	125	292
Netherlands	25	5	27	57
Other	438	176	61	675
TOTAL	17,064	25,305	6,896	49,265
1/ With sugar or other sweetening matter				
2/ Without sugar or other sweetening matter				
3/ With sugar or other sweetening matter				
Source: China Customs				
(f:\shared\lotus\dairy\prdmqi02)				

CHINA'S DIRECT IMPORTS OF WHEY BY ORIGIN, 2001-2002		
(Metric Tons)		
ORIGIN	2001	2002
		(Through June)
U.S.A.	40,406	25,189
France	29,563	21,418
Australia	12,139	6,313
Canada	12,351	6,190
Netherlands	7,157	4,813
Ireland	1,454	2,930
Belgium	403	2,441
Finland	10,483	2,206
Germany	1,675	640
New Zealand	2,675	584
Czech Republic	525	175
Poland	665	125
Sweden	100	125
Denmark	0	336
Other	131	19
TOTAL	119,727	73,504
HS Code: 0404.1000, 0404.9000		
Source: China Customs		
(f:\shared\lotus\dairy\ttlwhy02)		

SUMMARY OF CHINA'S DIRECT DAIRY EXPORTS BY DESTINATION, 2001 - 2002 (Metric Tons, US\$ 1,000, %)				
Products (HS Code)	Volume	Share	Value	Share
	2001	2001	2001	2001
Fluid Milk (0401)	26,447	62%	19,078	65%
Powdered Milk and Cream (0402)	15,296	36%	9,623	33%
Fermented and Acidified Milk (0403)	74	0%	62	0%
Whey and Related Products (0404)	0	0%	0	0%
Butter and Related Products (0405)	0	0%	0	0%
Chese and Related Products (0406)	514	1%	750	3%
TOTAL	42,331	100%	29,513	100%
	2,002	2,002	2,002	2,002
	(Thru Aug.)	(Thru Aug.)	(Thru Aug.)	(Thru Aug.)
Fluid Milk (0401)	17,734	53%	13,158	36%
Powdered Milk and Cream (0402)	14,976	45%	22,470	61%
Fermented and Acidified Milk (0403)	122	0%	89	0%
Whey and Related Products (0404)	19	0%	16	0%
Butter and Related Products (0405)	5	0%	0	0%
Chese and Related Products (0406)	384	1%	1043	3%
TOTAL	33,240	100.00%	36776	100%
Source: China Customs				
(f:\shared\lotus\dairy\ttlexp01				

CHINA'S DIRECT EXPORTS OF FLUID MILK BY FAT CONTENT AND BY COUNTRY OF ORIGIN, 2001 (Metric Tons)				
ORIGIN	Fat 1% or lower	Fat > 1% - 6%	Fat > 6%	TOTAL
	(HS# 0401.1000)	(HS# 0401.2000)	(HS# 0401.3000)	(Thru June)
Hong Kong	0	25260	1	25,261
Singapore	0	889	0	889
Macau	0	292	0	292
Other	0	4	0	4
TOTAL	0	26,445	1	26,446

Source: China Customs
(f:\shared\lotus\dairy\fldexp01)

CHINA'S DIRECT EXPORTS OF FLUID MILK BY FAT CONTENT AND BY COUNTRY OF ORIGIN, 2002 (Metric Tons)				
ORIGIN	Fat 1% or lower (HS# 0401.1000)	Fat > 1% - 6% (HS# 0401.2000)	Fat > 6% (HS# 0401.3000)	TOTAL (Thru June)
Iraq	0	2,242	0	2,242
Myanmar	0	150	1,070	1,220
Hong Kong	106	322	1	429
Other	18	0	78	96
TOTAL	124	2,714	1,149	3,987
Source: China Customs (f:\shared\lotus\dairy\fldexp02)				

CHINA'S DIRECT EXPORTS OF POWDERED MILK BY FAT CONTENT AND BY COUNTRY OF DESTINATION, 2001 (Metric Tons)				
ORIGIN	Fat < 1.5% 1/ (HS# 0402.1000)	Fat > 1.5% 2/ (HS# 0402.2100)	Fat > 1.5% 3/ (HS# 0402.2900)	TOTAL
Myanmar	2	308	2,199	2,509
Hong Kong	303	572	1	876
U.A.E.	0	495	25	520
Mongolia	45	215	0	260
Iraq	0	256	0	256
Singapore	153	0	0	153
Philippines	0	74	0	74
Other	3	0	155	158
TOTAL	506	1,920	2,380	4,806
1/, 3/ With sugar or other sweetening matter				
2/ Without sugar or other sweetening matter				
Source: China Customs				
(f:\shared\lotus\dairy\pdrmqe01)				

CHINA'S DIRECT EXPORTS OF POWDERED MILK BY FAT CONTENT AND BY COUNTRY OF DESTINATION, 2002 (Metric Tons)				
ORIGIN	Fat < 1.5% 1/ (HS# 0402.1000)	Fat > 1.5% 2/ (HS# 0402.2100)	Fat > 1.5% 3/ (HS# 0402.2900)	TOTAL (Thru June)
Iraq	0	2,242	0	2,242
Myanmar	0	150	1,070	1,220
Hong Kong	106	322	1	429
U.A.E.	0	0	0	0
Mongolia	0	0	0	0
Singapore	0	0	0	0
Philippines	0	0	0	0
Other	18	0	78	96
TOTAL	124	2,714	1,149	3,987
1/, 3/ With sugar or other sweetening matter 2/ Without sugar or other sweetening matter Source: China Customs (f:\shared\lotus\dairy\pdrmqe02)				

CHINA'S TARIFF RATES FOR DAIRY PRODUCTS, 2001-2002						
(%)						
	2001		2001	2002		2002
PRODUCTS	MFN	General	VAT	MFN	General	VAT
Fluid milk	23-25	40	17	19	40	17
Powdered milk	25	40	17	13.8-17	40	17
Concentrated Milk and Cream	44	90	17	30	40	17
Yogurt	42	90	17	26	90	17
Butter milk	44	90	17	32	90	17
Whey and modified whey	6	30	17	6	30	17
Other whey products	44	90	17	32	90	17
Butter and dairy spreads	44	90	17	30	90	17
Cheese and curd	44	90	17	27.2-29	90	17
Source: China Customs (f:\shared\lotus\dairy\tarff1-2)						

SUMMARY OF CHINA'S DIRECT DAIRY IMPORTS BY COUNTRY OF ORIGIN				
2001 - 2002 (Metric Tons, US\$ 1,000, %)				
Products (HS Code)	Volume	Share	Value	Share
	2001	2001	2001	2001
Fluid Milk (0401)	9,599	5%	4,875	2%
Powdered Milk and Cream (0402)	59,933	31%	115,409	54%
Fermented and Acidified Milk (0403)	2,856	1%	1,704	1%
Whey and Related Products (0404)	119,727	61%	88,034	41%
Butter and Related Products (0405)	873	0%	1,152	1%
Chese and Related Products (0406)	2,030	1%	3,976	2%
TOTAL	195,018	100%	215,150	100%
	2,002	2,002	2,002	2,002
	(Thru Aug.)	(Thru Aug.)	(Thru Aug.)	(Thru Aug.)
Fluid Milk (0401)	3,589	2%	1,850	1%
Powdered Milk and Cream (0402)	68,912	40%	104,112	59%
Fermented and Acidified Milk (0403)	1582	1%	1,039	1%
Whey and Related Products (0404)	94707	55%	63,824	36%
Butter and Related Products (0405)	968	1%	1,375	1%
Chese and Related Products (0406)	1524	1%	3,697	2%
TOTAL	171,282	100.00%	175897	100%
Source: China Customs				
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